

GOVERNMENT THAT WORKS!
NEW JERSEY DEPARTMENT OF THE TREASURY
LOCAL GOVERNMENT BUDGET REVIEW
TOWNSHIP OF DOWNE

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**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID, AND
LOCAL TAX RATE WITH RECOMMENDED REDUCTION IN THE
TOWNSHIP OF DOWNE COST OF GOVERNMENT**

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|----|---------------------------------------|------------------|
| A. | Collection of Property Taxes | \$128,783 |
| B. | Investment Income | \$ 1,800 |
| C. | Miscellaneous Revenue | \$ 12,000 |
| D. | Elimination of Welfare Account | \$ 406 |
| E. | Health Insurance Coverage | \$ 9,148 |
| F. | Sale of Foreclosed Property | \$ 15,000 |
| | Total Operating Budget Savings | \$167,137 |

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|--|------------------|
| Total Amount to be Raised for Municipal Tax | \$111,240 |
| Savings as a % of Municipal Tax | 150.2% |

| | |
|---------------------------------|------------------|
| Total Budget (FY94) | \$886,984 |
| Savings as a % of Budget | 18.8% |

| | |
|------------------------------------|------------------|
| Total State Aid (FY94) | \$274,486 |
| Savings as a % of State Aid | 60.9% |

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
TOWNSHIP OF DOWNE**

A. Collection of Property Taxes

An increase in the current 81% property tax collection rate would enable the township to reduce their Reserve for Uncollected Taxes by \$128,783.

B. Investment Income

The appropriate management and investment of available funds could annually increase investment income by \$1,800.

C. Miscellaneous Revenue

The inclusion of approximately \$12,000 in miscellaneous revenue, not anticipated in previous budgets, should be included in the preparation of future budgets.

D. Elimination of the Welfare Account

Closing the Public Assistance Trust Fund #1 could allow the transfer of \$406 to the current fund.

E. Health Insurance Coverage

Entering into an Interlocal Service Agreement for municipal employees to receive health insurance from the Board of Education will generate an of annual savings of \$9,148.

F. Sale of Foreclosed Property

Selling foreclosed property in the Township will generate revenue of \$15,000 and provide future tax revenue.



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Township of Downe Budget Review Team

New Jerseyans deserve the best government that their tax dollars can buy. Governor Christie Whitman is committed to making State government leaner, smarter, and more responsive, by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board.

Government on all levels must stop thinking that more money is the solution to their problems, and start examining how they spend the money they have now. The State's taxpayers cannot afford to keep sending money to their government. It is time for government to do something different.

There is no doubt that local government costs -- and the property taxes that pay for them -- have been rising steadily over the last decade. Until now, the State has never worked with towns to examine what is behind those rising costs. That is why the Local Government Budget Review Program was created by Governor Whitman and State Treasurer Brian W. Clymer. Its mission is simple: to help local governments find savings, without compromising the delivery of services to the public.

The Local Government Budget Review Program fulfills a promise Governor Whitman made in her first budget address, when she offered the State's help to local governments looking to cut costs. This innovative approach combines the expertise of professionals from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a management review and consulting service provided to them at no cost by the state.

To find those "cost drivers" in local government, the teams will review all aspects of the local government operation, looking for ways to improve efficiency and reduce costs. The teams will also document those State regulations or legislative mandates which place an unnecessary burden on local governments, and suggest which ones should be modified or eliminated. Finally, the teams will note where local governments are utilizing "Best Practices" -- innovative ideas that deserve recognition and that other municipalities may want to emulate.

This intensive review and dialogue between local officials and the review team is designed to produce significant insight into what factors are driving the costs of local governments, and provide the necessary tools to bring meaningful property tax relief to the State.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review Program, a majority of the elected officials must request the help through a resolution. There is a practical reason for this: to participate, the governing body, must agree to make all personnel and other records available to the review team; and agree to an open public presentation with discussion of the review team's findings and recommendations.

As part of the review of the Township of Downe, team members interviewed each elected official, as well as municipal employees, appointees and contractors. The review team examined current collective bargaining agreements, municipal audit reports, public offering statements, annual financial statements, and independent reports and recommendations previously developed for the community. The review team physically visited and observed the work procedures and operations throughout the municipal government to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

OVERVIEW

The Township of Downe is a rural community located in south central Cumberland County. Its southerly border is the Delaware Bay and it is adjacent to Commercial Township, Maurice River Township, Lawrence Township and the City of Millville. The township contained 939 dwelling units, according to the 1990 census, and has seen very little change in its overall population due to the significant percentage of wetlands, environmentally sensitive areas and public lands. Downe Township averages 4-6 new buildings per year with very little commercial or industrial construction. The township has an area of 54.7 square miles.

The township is divided into four areas of residential development: Newport, Dividing Creek, Fortesque, and Gandy's Beach. All commercial activities are located along Route 553. Fortesque is also the site of a state marina and a small Coast Guard auxiliary station. Like most shore towns in New Jersey, activity in this community is predominantly seasonal. The population of full-time residents was 1,702 in 1990, which grows to over 3,000 residents during the summer.

Municipal services are limited due to the size of the population. Public Works is comprised of two employees who use approximately eight pieces of equipment. Municipal police protection is provided by the Port Norris Station of the New Jersey State Police. The township has three fire districts supporting three separate fire companies, and an active first aid squad. The three fire companies, actively supported by the fire district's tax revenues, are Newport, Fortesque and Dividing Creek. There is a small public water system located in Fortesque, with the majority of the community served by private wells. The township operates under the Township Committee form of government with three elected officials. There is no public library and other than the two public works employees, there are no full-time employees of the township.

The township is composed of approximately 80% non-taxable public lands. With many lands being held in the Natural Land Trust Incorporated and by the State of New Jersey Wildlife Management Areas, the township has a much smaller taxing base than its overall land mass.

SPECIFIC RECOMMENDATIONS

A. TAX COLLECTION

Every tax dollar that goes uncollected is another unnecessary tax dollar the rest of the town's taxpayers have to pay. Through a review of the tax rolls, budget and financial statements, the team has documented that the township, like many other municipalities in this State, has not been aggressive in its collection of current and delinquent municipal taxes. From 1989 to 1994, the tax collection rate has fallen from 90% to its current 81%. In fact, while tax collection has fallen by approximately 9%, delinquent taxes have increased approximately 4%. Additionally, the tax title lien receivables have increased from \$35,933 to \$147,899 over five years. There has been no change in the inventory of foreclosed property, which clearly indicates that township officials have not been as diligent as necessary in their tax collection efforts. This places an unfair burden on these Downe residents who do pay their taxes.

In an effort to quantify the impact of this poor record of tax collection, the team prepared **Table I**, which is an analysis of the tax collections and payments for the years 1989-1994. By December 31, 1994 the township should have collected \$1,811,763, but based on an collection rate of 81%, the community will only collect \$1,472,525. Before it began to pay for any municipal services, the community had paid \$714,709 in county taxes to the County of Cumberland, \$129,316 to the three fire local districts; and \$856,497 to the Downe Township Board of Education, for a total mandated payment of \$1,700,522. The Township had paid out \$229,997 more than it had collected.

Downe Township's 1994 reserve for uncollected taxes, the amount a municipality must put aside for county and school tax payments, is \$284,998 of the total appropriations of \$886,984 for the year. The reserve for uncollected taxes has exceeded the local municipal tax levy five out of the last six years.

RECOMMENDATION

The team recommends that an extensive effort be expended during the entire year to improve tax collections. The collection rate is a full 10-15% below the suggested rate of 95%. The Mayor and committee should support the new Tax Collector's efforts to improve the tax collection rate and set immediate goals to attempt to put a collection program in effect.

If town officials could improve their municipal tax collection rate to 90%, there would be no need for a municipal tax levy, as the reserve for uncollected taxes would have dropped from \$309,078 to \$180,295 for the budget year 1995 for a savings of \$128,783.

B. INVESTMENT PROCEDURES AND POLICIES

The team performed a review of the township's cash management practices for 1993 and the township's investment income for the year 1994. This comparison looked at the municipal investments for 1994 and compared them to the NJ Cash Management Fund. Our analysis indicated that opportunities to generate additional investment income existed. The diligent and appropriate investment of available funds such as those offered by NJ Cash Management Fund could have generated additional revenue of \$1,800.

RECOMMENDATION

It is recommended that the Municipal Clerk and the Chief Financial Officer constantly review the cash reserves and the rate of interest being generated by their investment. The Clerk should establish a network of potential alternatives for investment purposes, including the New Jersey Cash Management Fund.

C. MISCELLANEOUS REVENUE

The team reviewed the municipal budgets and financial statements of the township for the years 1990-1995, identifying recurring revenues that have not been included in the budget. Several categories of miscellaneous revenues, which were not anticipated in the current budget, are recurring and consistent enough to be included in the budget.

RECOMMENDATION

The team recommends that municipal searches, cable franchise fees, payment in lieu of taxes (PILOT), and municipal court fees should be included in future budgets, which should reduce the tax levy by approximately \$12,000.

D. PUBLIC ASSISTANCE TRUST FUND #1

A review of the township's audited financial statements for the last four years has shown no activity in the Public Assistance Trust Fund #1, a fund no longer required by the State.

RECOMMENDATION

The team recommends that township officials apply to the State to have the trust fund closed-out. This could result in a cash receipt of \$406.

E. HEALTH INSURANCE COVERAGE

The Downe Township school district currently provides health insurance for 68 employees. The municipality only provides health insurance coverage for its two road workers and one municipal clerical worker.

The school district has negotiated new health insurance rates which are significantly lower than the township.

In 1994, the municipality spent approximately \$23,275 on health insurance at a cost of approximately \$7,758 per employee. The school district, which provides equivalent coverage for its employees, makes a payment of \$4,709 per employee.

RECOMMENDATION

The Township should enter into a local service agreement with the Downe Township Board of Education to provide insurance coverage subject to reimbursement. School officials have indicated they could include the workers in their package, saving the town approximately \$9,148.

F. FINANCIAL MANAGEMENT AND CONTROL

The team was able to identify several specific areas where the school district was operating in a more cost effective manner than the township. Specifically, the purchase of copy paper, bulk purchase of general office supplies, preparation of payroll checks, reports and tax returns all appear to be areas of potential savings. The comparison of the investment policies of the school district to the municipality did find that the school district, due to its full-time staff, was better equipped to ensure the best rate of return for its funds invested.

RECOMMENDATION

We recommend that the available funds of both entities be managed by the school business administrator for the purpose of ensuring the best investment of funds.

G. FORECLOSURES

The team's review found that on its last 10 audited financial statements, the township has listed the value of its foreclosures at approximately \$48,500. Our review with the auditor, municipal clerk, tax assessor and chief financial officer concluded that no one had a clear and specific identification of which properties were valued at \$48,500.

The team then reviewed the tax rolls in the assessor's office and identified the following properties which could be posted for sale, disposed of and returned to the tax rolls for future taxation.

1. Lot 51 of Block #49, a 5 acre parcel of land located along Hickman Avenue. This property does not appear to be located adjacent to any environmentally sensitive areas and should be eligible for sale.
2. Lot 29 of Block #41, the former municipal building located along Main Street and adjacent to Dividing Creek.

The above properties are difficult to assess for their market value, however, based upon the current assessed value for the property, the team estimates a sale price of at least \$15,000. This is based upon the current assessment of \$3,000 per acre for the five acre parcel listed as vacant land.

RECOMMENDATION

The town should immediately move to sell the properties that are listed above and return them to the tax rolls. This represents an immediate revenue of \$15,000.

GENERAL RECOMMENDATIONS

1. ***COMBINED BUSINESS OFFICE*** - The team recognizes and commends the governing body for attempting to serve the community with part-time staff. However, the team notes that additional organizational structure and control is necessary. As noted in the school report, the school district employs a proficient and knowledgeable Business Administrator.

Recommendation

The team recommends the consolidation of the business functions of the township with the School Business Administrator. As a full-time business office exists only in the school district, expanding the work to include municipal business should be explored. While there are statutory staffing requirements that must be met, the leadership and control of this office could be generated from the school district.

The combined business office would allow for full-time professional management of both functions and would ensure that all operations are attended to daily at a cost tailored to fit the community's resources.

2. ***OFFICE HOURS*** - The normal work week for township building operations is 8:00 A.M. - 4:00 P.M., Monday - Friday, as stated in the 1987 Personnel Policy and Procedure Manual. However, the hours posted in the lobby of township building are 9:00 A.M. - 4:00 P.M. In addition, none of the work schedules, except for the Municipal Court, are posted for those operations outside the township building, such as the Public Works and Solid Waste Management offices.

With the exception of those employees in Public Works, Municipal Court and Tax Assessment, no one has a regular work schedule. This results in 21 employees, including 12 part-time employees in 11 departments, all working under different work schedules.

Recommendation

We strongly urge the Township Committee to adopt new operational hours at the Municipal Complex Building. This should be viewed as a priority issue for the primary purpose of servicing the public in the most suitable manner. This simple change would illustrate to the public that its elected officials are aware of the resident's needs and are willing to accommodate them.

The building hours should be clearly posted on the front door as well as on the doors of the Public Works and Solid Waste Management facilities. The hours of operation for each department should also be clearly noted at the entrance to each facility.

3. **EMPLOYEE HOURS** - As mentioned, of the 21 employees on payroll, not all maintain a regular work schedule.

There are salaried employees who do not have regular hours nor are they expected to be in the building at any particular time. At times, the building is closed because no employees are at the facility. Moreover, some are allowed to perform job functions at home, which requires the temporary removal of township records. The employees with regular schedules include:

- a) Two full-time Public Works crewmen: 7:00 A.M. - 3:00 P.M., Monday - Friday, with one-half hour for lunch;
- b) One part-time staff member who retains three distinct job titles:
 - 1) Administrative Secretary:
Tuesday, 8:30 A.M. - 4:30 P.M., 1/2 hr. lunch;
Thursday, 8:30 A.M. - 2:30 P.M.;
Friday, 8:30 A.M. - 4:30 P.M., 1/2 hr. lunch;
 - 2) Recycling Coordinator:
Wednesday, 8:30 A.M. - 4:30 P.M., 1/2 hr. lunch;
 - 3) Tax Assessor:
Thursday, 2:30 P.M. - 5:30 P.M., and
by appointment.

Since these are classified as three distinct positions, the salary is commensurate and different for each title.

- c) The Municipal Court Administrator/Clerk:

Monday - Friday, 9:00 A.M. - 12:30 P.M.;
1st Thursday of every month, 7:00 P.M. - end of session;
Quarter-ending January, April, July, October,
Public Defender Court, 4:00 P.M. - end of session.

The clerk is required to be present for all court function court sessions, with no additional compensation, regardless of hours worked.

- d) Two Solid Waste Management Crewmen:
Wednesday & Saturday, 7:00 A.M. - 2:00 P.M.;
- e) Tax Collector:
Tuesday, 2:00 P.M. - 6:00 P.M., and by appointment;
- f) Housing and Zoning Officer:
Thursday, 9:00 A.M. - 11:00 A.M.;

- g) Vital Statistics Registrar/Welfare Director:
by appointment.

This policy creates a situation where a resident or other caller takes a chance when visiting the municipal building. There is very little assurance that the taxpayer will be able to see a specific staff member or receive adequate services. This often results in multiple visits to accomplish a simple task.

Recommendation

We strongly urge the Township Committee to adopt employee work schedules consistent with the operational hours for the municipal building. This would require a restructuring of the municipal complex and a shift of responsibilities among the staff. It would also give management the opportunity to cross-train staff in an effort to share duties and distribute workloads as needed.

Moreover, management should give serious consideration to a consolidation of positions and functions in an effort to reduce unnecessary redundancy, while increasing efficiencies.

This can be accomplished by providing adequate staff coverage, extending hours of operation, and streamlining functions, wherever possible. It may include eliminating certain part-time positions, while making others full-time. The primary goal of this exercise should be not only to reduce salary expenses, which were \$161,000 in 1994, but to provide better service to the public.

4. ***TELEPHONE SYSTEM*** - There are three phone numbers which are used to reach staff members at the township building. One of the phone numbers is specific to the Municipal Court, one is for tax collection business, and the third is the main number for the municipal building and all other calls. These three phone lines handle calls for all of the municipal offices.

With the exception of the Tax Collectors' office, the township does not have an answering system which can take messages when phones are busy, the office is closed, or an employee is unavailable. In addition, since the Tax Collector's office is open only one day a week, messages are not acknowledged until one week later.

When calls come in for any of the other offices in the township building, they are picked up by whomever is in the office at the time. In many cases this would be the Tax Assessor, the Municipal Court Administrator, or one of the committee members.

Recommendation

To accommodate the numerous variety of calls, we suggest the township employ the use of a voice messaging service. This system should feature the ability to use each of the existing phone lines.

The cost should be nominal and would facilitate the task of receiving and responding to incoming calls, twenty-four hours a day. Furthermore, messages can be retrieved from any phone, in or out of the office. In this way, residents can

be assured that messages will be answered on a timely basis, even though a specific staff member is not in the office.

5. ***EMPLOYMENT PRACTICES*** - The Personnel Policy and Procedure Manual does not offer specific job descriptions for township positions.

The selection process is an informal one, with no testing other than a medical exam. Similarly, informal performance reviews are conducted between the department head and the staff member, with no written evaluation, performance assessment or improvement plan.

Merit increases are recommended by the department head and can only be awarded after approval by the Township Committee. These evaluations are conducted at the discretion of a department head without a predetermined date for follow-up performance reviews.

Recommendation

A well-defined job description and performance evaluation system can serve many useful purposes: to define the criteria of a position, to determine the qualifications of an applicant, to evaluate performance, and to reduce or avoid conflict between a supervisor and a subordinate.

For those reasons, job description performance evaluations should be produced for all township employees and filed with personnel. The written employee evaluation should be included, along with a schedule for follow-up performance reviews.

6. ***TIME SHEETS*** - The Personnel Policy and Procedure Manual requires that time sheets be maintained by each department head. However, the township only requires time records from persons working as hourly employees.

The time sheets are submitted weekly to the respective department head for his or her approval. These documents are photocopies of a monthly calendar marked with the days worked, and an attached payment voucher. These records are very informal and do not conform to any standard of payroll record management.

These documents are primarily intended to account for an employee's actual work time, and to support the recording of accrued health, retirement and leave time benefits. These instruments help to determine a person's rights and privileges in the work place, and may be referenced during legal proceedings. The township's lack of standardized policies, procedures and regulations leave it vulnerable in cases of compensation claims.

Recommendation

The team urges management to implement the use of a uniform time sheet for all salaried and hourly employees, as well as those working on a per diem basis. We suggest that all time sheets be validated by an appropriate official. These should always be reviewed and authorized prior to the initiation of any disbursements.

7. **GENERAL** - The overall tone of the township operations and management is very informal.

An organization adopts policies and procedures for the purpose of establishing quality management and control practices. When it chooses to ignore its own directives and rewrite procedures at will, it leaves itself open to criticism.

We suggest that an appointment schedule be developed for those times when a resident has to meet with a part-time staff member. This schedule should be approved by the department head to ensure the timely delivery of public services.

The team is opposed to the removal of public records from the municipal building as a normal course of business. This practice should be eliminated and only occur on an exception basis, with the approval of the committee.

SHARED SERVICES

At present, the township and the school district do not share services between organizations. However, management of both have agreed to discuss the merging of services in an effort to reduce costs and streamline operations.

We believe that the business activities of the school district and the township are not large enough to warrant two separate operations. Although the township must have a Certified Municipal Finance Officer, there are many business functions that can be consolidated into one business office. We strongly believe that the expertise of the school business administration should be utilized to provide management direction to the municipal operation.

The following is an illustration of services and areas we recommend that the Township and the school district explore as possible shared services.

- Business Administrator
- Purchase of photocopy paper
- Photocopy machine maintenance contract
- Lawn maintenance
- Refuse collection
- Snow removal
- General office supplies
- Health insurance group coverage
- Vehicle fuel
- Preparation of payroll checks and reports
- Preparation of payroll tax returns
- Custodial services
- Use of vehicles
- Recycling
- General business practices and investment strategies

An effort such as this will ultimately reduce workloads and eliminate unnecessary redundancy, while reducing operating costs and increasing efficiencies. Further, this will benefit the community as a whole by bringing together the ideas and efforts of the two entities that provide services to its citizens.

Separate operations in municipalities as small as Downe Township no longer make sense in today's fiscal times. Local government managers need to start thinking and acting creatively.

LOCAL GOVERNMENT BUDGET REVIEW

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